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17 January 1959

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CENTRAL INTELLIGENCE BULLETIN



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17 JANUARY 1959

I. THE COMMUNIST BLOC

Soviet submarine movements. (TOP

Peiping is reported to resent Khrushchev's disparaging remarks on communes.

USSR claims 10-percent increase in gross industrial output in 1958 and largest grain harvest in Soviet history.

II. ASIA-AFRICA

Iraq may be accepting Soviet advisers as well as equipment; UAR withdraws jet squadron sent to Iraq in September.

Iraq - UAR message supports view that Qasim's order limiting functions of PRF resulted from army pressure.

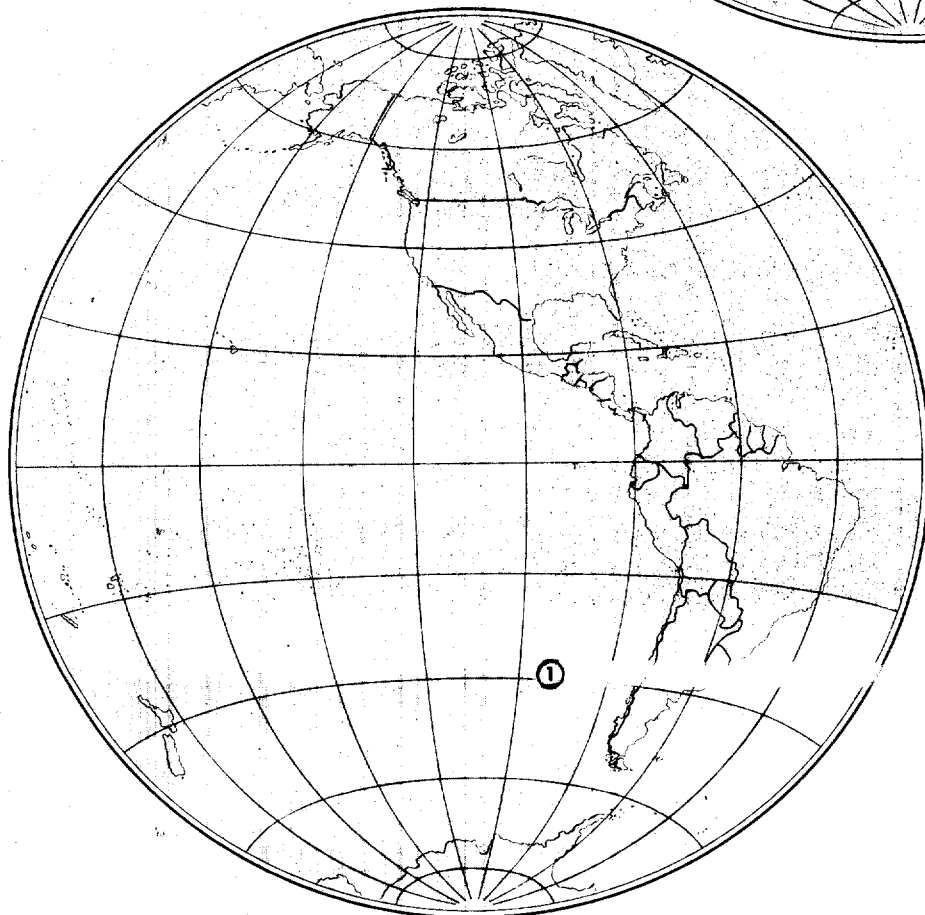
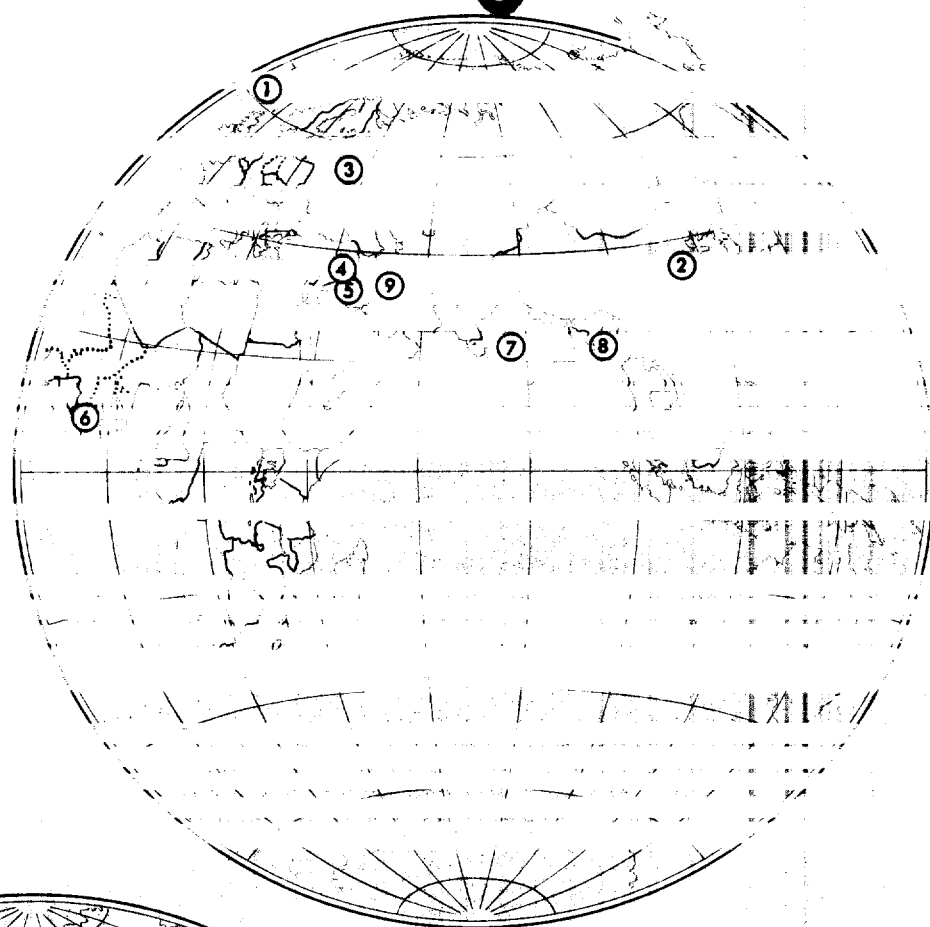
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⑥ Ivory Coast - Opposition mounting to pro-French leadership of Houphouet-Boigny; disorders possible.

⑦ India takes step toward reactivating ICC in Laos.

⑧ Burma - Prime Minister Ne Win to ask Parliament in February for 6-month extension of his tenure.

⑨ Iranian officials re-assessing relations with US; Soviet Union delivers another note protesting US-Iranian defense tie.

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CENTRAL INTELLIGENCE BULLETIN

17 January 1959

DAILY BRIEF

I. THE COMMUNIST BLOC

SIRAB

USSR: A Soviet submarine detachment which departed Northern Fleet waters on 11 January has moved to an area about 250 miles northeast of the Faeroe Islands. [REDACTED]

NO

[REDACTED] it includes one of three Northern Fleet Z-class submarines which have been modified possibly for launching ballistic missiles. (The Guided Missile Intelligence Committee has not evaluated the characteristics of any weapons system incorporated into these submarines.) Another detachment operating in the same area is believed to be the research submarine Severyanka. A third detachment, which left Northern Fleet waters 58 days ago and moved into the central and south Atlantic, is believed to have rounded Cape Horn and may rendezvous with a Soviet tanker which has moved to the south Pacific from Soviet Far East waters. This detachment probably is en route to the Soviet Pacific Fleet. There also is one Z-class submarine on extended patrol in the Pacific, and seven Soviet submarines now are in the Mediterranean. [REDACTED] (See Map on reverse page) [REDACTED]

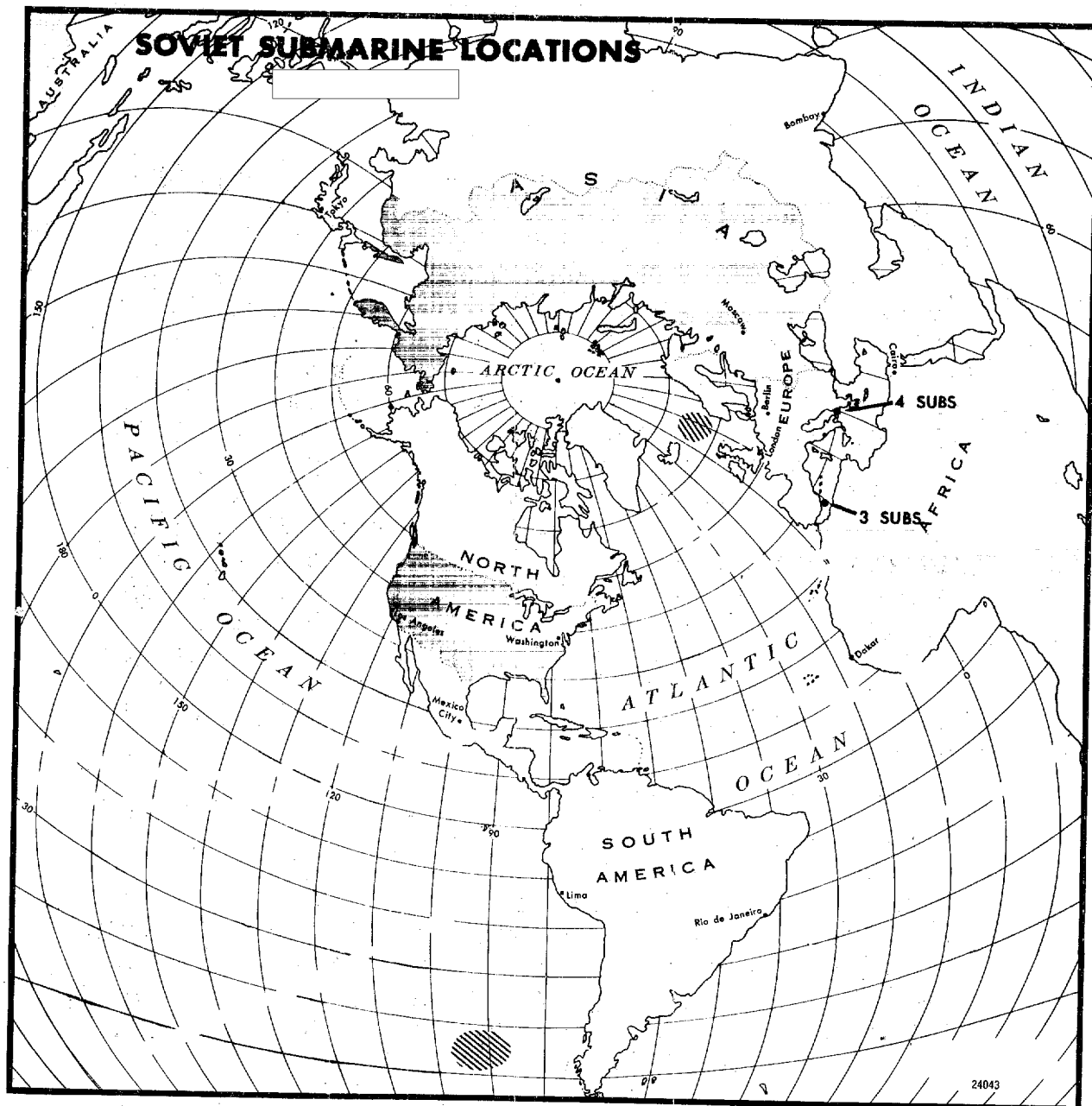
USSR - Communist China [REDACTED]

OK

[REDACTED] Khrushchev's disparaging remarks to Senator Humphrey about the Chinese communes are resented by his government and that Moscow has been asked for an explanation. [REDACTED] his government also did not approve of Mikoyan's visit to the United States and was piqued because it had not been [REDACTED] (Page 1)

~~TOP SECRET~~ [REDACTED]

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OK
USSR - Economic results: Gross industrial output in 1958 increased 10 percent over 1957 and the grain harvest was the biggest in Soviet history, according to the official, year-end statistical statement issued in Moscow on 15 January. This industrial increase is identical to that reported last year over 1956 and is higher than the average annual increase--8.8 percent--necessary to meet the Seven-Year-Plan (1959-1965) goals.

(Page 2) (Graph)

II. ASIA-AFRICA

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TT's
Iraq: A Soviet military mission believed to be an assistance and advisory group of at least 24 officers and men now is operating in Iraq, according to the American Army attaché in Baghdad. This is the first evidence that the Qasim government may be accepting Soviet advisers as well as equipment.

Iraqi authorities have agreed to a UAR proposal to withdraw the jet fighter squadron and antiaircraft unit which had been deployed to Habbaniya Plateau airfield from Syria in late September.

(Page 3)

Iraq:

NO
that Iraqi Prime Minister Qasim's order limiting the functions of the Communist-dominated Popular Resistance Force was drafted under pressure from "military commanders." The order was to have been issued prior to 6 January, but, [redacted] was held up by Communist counterpressure. [redacted] the UAR representatives in Baghdad were able to obtain a copy of the order a day before it was published.

OK
Ivory Coast: [redacted] Opposition appears to be mounting to the conservative, pro-French leadership of the territory's political boss, Houphouet-Boigny, who is also a minister of state in the French Government. Disorders similar to those which occurred last October could materialize in the near future. Such a development might lead to the early collapse of Houphouet's domestic position. His control over one of the area's two leading inter-territorial political parties is already seriously weakened.]

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DAILY BRIEF

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OK
Laos: India, as chairman of the International Control Commission (ICC) for the Indochinese states, has taken a step toward reactivating the ICC in Laos. It apparently plans to convene a "Laos committee" in Saigon in response to Communist charges of American and Laotian violations of the 1954 Geneva Accords. Prior to its adjournment in July 1958, the ICC in Laos limited the government's freedom of action and was often ineffective in checking Communist violations of the Geneva Accords. [redacted]
 (Page 6)

NO
Burma: General Ne Win, whose term as prime minister is due to expire in April, intends to ask Parliament for a six-month extension when he calls it into session in February. Ne Win is ready to hold elections next April if Parliament rejects his request; in any event he says the army plans to exercise "surveillance" over the politicians "for 20 years." [redacted]
 [redacted] (Page 7)

NO
*Iran-USSR: Top Iranian officials are reassessing Iranian-American relations and what they believe to be US policy toward the Baghdad Pact area. Ambassador Wailes in Tehran feels there is a real question in Iranian minds regarding US policy toward Iran. The concern voiced by these officials over the extent of American economic support is greater than in past years and may be due in part to the steady Soviet pressure campaign against Iran, the latest move of which is a 16 January note calling the proposed US-Iranian defense agreement a "rather dangerous" step. [redacted] (Page 8)

17 Jan 59

DAILY BRIEF

iii

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— I. THE COMMUNIST BLOC —

Chinese [] Comments on Sino-
Soviet Relations []

[] Khrushchev's disparaging remarks to Senator Humphrey about Chinese Communist communes are resented by his government and that Moscow has been asked for an explanation. []

[] Peiping realizes that the USSR disagrees with the concept of communes but such statements as Khrushchev's--presumably, that they "had been tried in Russia and discarded"--were not matters for discussion with an American senator. []

[] Peiping did not approve of Mikoyan's visit to the United States and was piqued because it had not been consulted before the trip. [] Mao would not likely attend the 21st Congress of the CPSU because of Khrushchev's remarks.]

[] Peiping recognized the right of intra-bloc criticism but denied the right to abuse this privilege. In this respect, Khrushchev's remarks were "very unfortunate since China asks no one to copy the communes, and methods used to build Communism in China are its own business." []

[] China still was bound to the bloc "against imperialism." In recent weeks Peiping has reacted to Soviet disapproval of China's claims for communes by reaffirming that the USSR is the correct model for the bloc to follow "in attaining socialism and Communism.]"

[Peiping [] is still determined to liberate the offshore islands, but a full offensive must await completion of efforts to strengthen the armed forces and particularly the air force.] []

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~~CONFIDENTIAL~~SOVIET PRODUCTION OF SELECTED ITEMS

<u>ITEM</u>				
	USSR	USSR	USSR	US
	<u>1957</u>	<u>1958</u>	<u>Plan</u> <u>1958</u>	<u>1957</u>
Pig Iron (million metric tons)	37	39.6	39.1	71.6
Crude Steel " " "	51	54.9	53.6	102
Rolled Steel " " "	40.2	42.9	41.7	77.6
Coal " " "	463	496	488.9	470
Petroleum " " "	98.3	113	112.6	355
Electric Power (billion K. W. H.)	210	233	231	760
Natural Gas (billion cubic meters)	20	29.8	31	306

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~~CONFIDENTIAL~~Soviet Economic Report for 1958

Soviet gross industrial production increased 10 percent in 1958, according to the official year-end statistical statement issued in Moscow on 15 January. This is identical with the increase reported for 1957. The 11-percent rise in producer goods is also the same as in 1957, but the increase in consumer goods was only 7 percent, compared with 8 percent in 1957. In the case of consumer goods, while the category of light industry showed a greater growth than in 1957, the increase in the food industry category was smaller than in the preceding year.

Rates of increase reported for the major branches of heavy industry were virtually identical to those reported for 1957. The 6-percent rise in industrial labor productivity continues the recent trend of a diminishing rate of increase (8 percent in 1955, 6.9 percent in 1956, 6.5 percent in 1957). This decline largely reflects the acceleration of the program for reducing the workweek.

Total capital investment increased more than 11 percent over 1957 to 235 billion rubles. While the Soviet summary did not mention specific shortfalls, earlier information indicates that shortfalls, though small in total, were concentrated in critical areas such as chemicals and ferrous metallurgy. Urban housing construction increased by approximately one third; rural housing construction fell off somewhat.

In 1958 the number of livestock continued to increase as did also the output of livestock products. The increase in meat and milk production in 1958, however, was roughly half as great as the increase during 1957. According to the plan-fulfillment report, the Soviet union surpassed the United States in total milk production in 1958. The original goal was to surpass the United States in per-capita production in 1958, but the USSR still has a long way to go to achieve this. Furthermore the announced Soviet total includes milk other than from cows, and in any case it is not clear whether the Soviet method of reporting milk production is the same as that used in the United States.

Record crops of grain, sugar beets, and sunflower seeds were harvested, but the production of cotton, potatoes and vegetables in 1958 was either about equal to or somewhat less than in 1957.

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II. ASIA-AFRICA

Military Developments in Iraq

A Soviet military mission, believed to be an assistance and advisory group, now is operating in Iraq, according to the American Army attaché in Baghdad. A group of about 24 Soviet officers and men, quartered in a Baghdad hotel, commutes each day to Rashid Camp, a military post on the city's outskirts. If the Soviet mission actually is an assistance and advisory group, Iraq has moved more quickly than Egypt or Syria to seek broad Soviet military guidance. The first Soviet military personnel to appear in the UAR countries are believed to have been mostly technical specialists. [redacted]

[redacted] Soviet military personnel in Iraq may number as high as 50, including artillery and signal specialists.]

Iraqi authorities have agreed to a UAR proposal to return to Syria the UAR squadron of 15 MIG-17 jet fighters and the light antiaircraft unit which were deployed to Habbaniya Plateau airfield in Iraq in late September. Cairo apparently believes that its political interests are no longer served by the presence of these units in Iraq. The prospect of further UAR air clashes with Israel probably is also a major factor in the return of the UAR squadron to Syria, which is defended by only two MIG squadrons at present.

Two and possibly three more Soviet ships are en route to the Iraqi port of Basra with military cargo under Iraq's \$170-million arms deal with the USSR, [redacted]

[redacted] The cargo of one of the vessels is believed to include naval equipment--possibly motor torpedo boats. Three shiploads of Soviet arms have already been delivered to Iraq. [redacted]

[redacted]

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Position of Pro-French African Leader Threatened in Ivory Coast

[Opposition appears to be increasing in the Ivory Coast, one of 11 autonomous "republics" in French West and Equatorial Africa, to the conservative, pro-French leadership of Houphouet-Boigny, the territory's political boss. He is also a minister of state in the French Government and the long-time president of the African Democratic Rally (RDA)--one of the two leading interterritorial political parties in French West and Equatorial Africa.]

[Houphouet's domestic position seemed virtually impregnable until October, when his prestige was severely jolted by his inability to deal effectively with apparently politically inspired rioting among Africans in Abidjan. Since then there have been reports of new violent incidents and--for the first time--of vocal criticism of Houphouet's policies and tactics among politically conscious natives of the Ivory Coast.]

[Unlike other area leaders, Houphouet recently stated that he had no further political claims to present to France--an indication that he did not plan to exercise the territory's constitutional option to evolve to complete independence. This attitude is contrary to the desires of an apparently growing number of younger and more radically inclined elements in the Ivory Coast. These elements, along with most RDA groups outside the Ivory Coast, also appear to have become increasingly aroused by Houphouet's refusal to merge his relatively rich territory with a new West African federation having genuine supraterritorial institutions.]

[The situation thus appears to be building up toward new disorders in the Ivory Coast which might involve the small and increasingly nervous European population. Such a]

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[development--possibly in connection with the local legislative elections scheduled for " March--could lead to the early termination of Houphouet's rule in the Ivory Coast. It would almost certainly end his already shaky control over the RDA's inter-territorial mechanism.]

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Possible Reactivation of International Commission to Laos

The Indian Government may have taken a step toward reactivating the International Control Commission (ICC) for Laos. This unit was adjourned in July 1958 at the request of the Laotian Government, and a "Laos committee" under the aegis of the ICC for Vietnam was charged with maintaining a watch over developments in Laos. India, as chairman of the ICC, has requested Canada to appoint a delegate to the Laos committee, apparently so the group can consider Communist charges of American and Laotian violations of the 1954 Geneva Accords.

Canada's position has been that it would oppose reconvening the ICC for Laos and that, in any event, Laotian Government approval would be essential prior to reactivation.

Communist pressure for the reactivation of the ICC for Laos has mounted steadily during the past few weeks in response to rumors that a rightist power move and suppression of the Communist-dominated Neo Lao Hak Zat (NLHZ) are imminent. Pressure has included an NLHZ propaganda campaign, North Vietnamese complaints to the ICC regarding alleged Laotian military encroachments, and the military occupation of a disputed frontier area by Viet Minh troops.

Earlier activity by the ICC in Laos had the effect of limiting the freedom of action of the Laotian Government without effectively checking Communist violations of the Geneva Accords. The Polish delegation served the NLHZ as a communication channel and a source of advice and logistic support.

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Ne Win Outlines Plans for Continued Army Rule in Burma

[Burmese Prime Minister General Ne Win has told Ambassador McConaughy in Rangoon that he plans to call Parliament into session in February to seek a six-month extension of his tenure as prime minister, now due to expire in April. Ne Win said that despite his personal distaste for the office of prime minister, an additional six months will be required for his government to accomplish its self-imposed tasks.]

[The Ba Swe - Kyaw Nyein faction of the Anti-Fascist People's Freedom League (AFPFL) has already assured Ne Win of its support for an extension of his term, and the prime minister intends shortly to approach his predecessor, U Nu, who heads the rival faction of the AFPFL. If U Nu refuses to endorse Ne Win's proposal, Ne Win intends to be guided by the majority vote in Parliament, which under present circumstances would probably be captured by the Swe-Nyein forces.]

[Should Parliament reject his request for a six-month extension of his term and insist on national elections in April, Ne Win is prepared to hold them, but in any event army colonels now holding key civilian positions in the government will remain in their assignments for one or two years. Furthermore, the army will exercise "surveillance" over the politicians in power "for 20 years" to ensure that they do not undo Ne Win's reforms or revert to the pattern of inept rule characteristic of the AFPFL's last few years in power.]

[Turning to foreign affairs, Ne Win told the ambassador that the hostility of Communist China to him personally and to his regime was "crystal clear."]

the Chinese now are anxious to dispel this impression, however. After several months of marked coolness toward Ne Win, top Peiping officials publicly indicated warm friendship toward his government and him personally at a Burmese independence day reception on 4 January. In view of his strong anti-Communist bias, it is doubtful that Peiping's gesture of friendship will disarm Ne Win.]

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Iran Reassessing Relations With US

[The Shah is reassessing Iranian-American relations because of disappointment over US lack of support to Iran and the Baghdad Pact. Two of the Shah's advisers have informed US Embassy officials that he sees many indications of Washington's "pulling away from firm backing of both Iran and the Baghdad Pact."]

[Among the signs which Iran regards as ominous are the "emasculatation" of Iran's counterdraft of the proposed bilateral defense agreement with the United States and the American Secretary of State's intention to send a subordinate to lead the delegation to the Baghdad Pact Ministerial Council meeting at Karachi on 26 January. Other disappointments include American opposition to creation and deployment of additional Iranian divisions to defend northwestern Iran and US unwillingness to underwrite Iran's budget deficit. Iran is also suspicious of Soviet Deputy Premier Mikoyan's talks with US officials and suspects there may be decisions made involving Iranian interests.]

[Iran is currently exerting every effort in its perennial campaign to obtain substantial increases in US aid, and seems to be voicing deeper concern than in previous years, which may be in part a reflection of the strain imposed by the recent Soviet campaign of diplomatic and propaganda pressure. In a note of 16 January, the latest in a series of threatening messages to Tehran, Moscow charges that Iran is following a "policy directed against the USSR" and warns that conclusion of the US-Iranian defense agreement would be a "rather dangerous" step. The USSR has also exerted pressure on the Iranian Government by propaganda attacks in Soviet broadcasts to Iran and by means of direct contacts by Soviet Embassy personnel in Tehran with Iranian officials.]

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